

INSTRUCTIONS FOR FILING ESTIMATED TAX VOUCHERS

2001

WHAT'S NEW FOR 2001—The standard deduction will increase to \$1,750 for 2001. Pension exclusion is \$37,500 for 2001.

WHO MUST MAKE PAYMENTS—Persons who can reasonably expect to have income of more than \$5,000 from which no Kentucky income tax will be withheld may be required to make estimated tax payments. Persons who do not prepay at least 70 percent of their income tax liability for the year will be subject to a penalty for underpayment of estimated tax. The prepayments may be made through withholding, a credit forward from the previous year's income tax return or estimated tax payments. The worksheet on the reverse should be used to determine the amount which should be paid through estimated tax payments. **If the amount of estimated tax for the year is \$500 or less, no payment is required.**

MARRIED TAXPAYERS—Spouses who file separately on a combined income tax form (Form 740) should calculate their estimated tax liabilities separately but combine their payments on one Estimated Tax Voucher (Form 740-ES).

WHEN TO PAY—Taxpayers may pay the full amount of estimated tax in one payment on the earliest applicable due date, or they may pay in installments. Installments for calendar year 2001 are due April 16, June 15, September 17, 2001, and January 15, 2002. Any credit from a 2000 income tax return should be applied to the amount owed before any payments are made. Installment payments should not be made until the amount of the credit has been used. A voucher should be filed only when a payment is required.

IF INCOME CHANGES—Due to changes in sources or amounts of income during the year, a taxpayer who is not required to pay estimated tax at the beginning of the year may be required to pay during the year. A taxpayer may also be required to recompute the estimated tax and to adjust the amount of the installments during the year as a result of changes in sources or amounts of income. Whenever the initial estimate is required or the change occurs, a taxpayer electing to pay in installments must pay the total amount of tax due in equal amounts on the remaining due dates.

Period When Estimate Required or Change Occurs	Due Date	Number of Equal Installments
January 1–April 1	April 16, 2001	4
April 2–June 1	June 15, 2001	3
June 2–September 1	September 17, 2001	2
September 2–December 31*	January 15, 2002	1

**If the change occurs after September 1, 2001, the voucher is not required if the 2001 Kentucky income tax return is filed and the tax shown to be due is paid on or before January 31, 2002.*

FISCAL YEAR FILERS—If you pay tax for a fiscal year instead of a calendar year, your due date is the 15th day of the fourth, sixth and ninth months of your fiscal year and the 15th day of the first month of the following fiscal year.

TAX CREDITS—In calculating estimated tax, tax credits are applied in the same way as on the Form 740. A \$20 credit is allowed for each taxpayer and each dependent. If a spouse has no gross income or is not filing a separate voucher, a taxpayer may claim a \$20 credit for the spouse. Two additional tax credits are allowed for each taxpayer or spouse who is 65 or older at the end of the taxable year. Two additional credits are also allowed for each taxpayer or spouse who is blind at the end of the taxable year. One additional credit is allowed for taxpayers who are members of the Kentucky National Guard at the end of the taxable year.

LOW INCOME CREDIT—A low income credit is allowed to single persons and married couples who are residents and whose combined Kentucky adjusted gross income is not over \$25,000.

FARM INCOME—Taxpayers with income from farming are not required to make installment payments if they meet the following criteria: (1) two-thirds of gross income is from farming; and (2) the entire amount of estimated tax is paid on or before January 15, 2002; or (3) the 2001 income tax return is filed and total tax is paid on or before March 1, 2002.

PENALTY FOR UNDERPAYMENT—A penalty equal to 10 percent of any underpayment may be assessed. The underpayment is calculated by taking 70 percent of the amount on Form 740, Line 22 (income tax liability) and subtracting taxes prepaid through a credit forward, withholding and estimated tax payments. Minimum penalty is \$25.

HOW TO USE ESTIMATED TAX VOUCHERS—Enter your name, address and Social Security number(s) in the spaces provided. If you received vouchers with your name, address and Social Security number(s) printed on them, please check for accuracy and make necessary changes.

If you are a calendar year filer, do not enter a date in the box "For Fiscal Year Filers Only." If you are a fiscal year filer, enter the ending date of your taxable year.

In the payment block, enter the amount which you are paying. Do not enter amounts paid through a credit from a previous year. If the credit equals or exceeds the amount due for the installment period, do not send in the voucher.

HOW TO PAY—Make check payable to **Kentucky State Treasurer**. Mail the check with the voucher to: **Kentucky Revenue Cabinet, Frankfort, Kentucky 40620-0009**. To insure accurate crediting to your account, you must send the voucher with your check. Please write your Social Security number(s) on the face of your check. If you wish to mail your first installment with Form 740, please prepare a separate check for the amount shown on the voucher and attach it to the voucher marked "Installment 1."

NOTE: Use the "Record of Estimated Tax Payments Schedule" on the reverse to record payments for your records. If circumstances change after the initial installment is made, use the "Amended Computation Schedule" on the reverse to compute the amount of subsequent payments.

Estimated Tax Worksheet (Keep for your records)

2001

1. Enter your total estimated wages subject to withholding	1		
2. Enter your total estimated taxable income from sources with no withholding	2		
3. Add lines 1 and 2	3		
4. Enter estimated adjustments to income	4		
5. Subtract line 4 from line 3. This is your ESTIMATED ADJUSTED GROSS INCOME	5		
6. Enter estimated allowable itemized deductions or the standard deduction of \$1,750	6		
7. Subtract line 6 from line 5. Enter the difference here. This is your ESTIMATED NET INCOME	7		
8. Compute tax on estimated net income from line 7, using only one of the lines below.			
a. If line 7 is \$3,000 or less, your tax is 2% of line 7.			
b. If line 7 is over \$3,000 but not over \$4,000, your tax is \$60 plus 3% of the excess OVER \$3,000.			
c. If line 7 is over \$4,000 but not over \$5,000, your tax is \$90 plus 4% of the excess OVER \$4,000.			
d. If line 7 is over \$5,000 but not over \$8,000, your tax is \$130 plus 5% of the excess OVER \$5,000.			
e. If line 7 is over \$8,000, your tax is \$280 plus 6% of the excess OVER \$8,000.			
ENTER TAX HERE		8	
9. Enter your estimated tax credits (see instructions for "Tax Credits" on reverse)	9		
10. Enter Low Income Credit from worksheet below	10		
11. Enter Kentucky income tax to be withheld in 2001. Add lines 9, 10 and 11 and enter total at right	11		
12. Subtract line 11 from line 8. This is your Estimated Kentucky Income Tax for 2001. Enter here. If this amount is \$500 or less, payment is not required	12		
13. Divide line 12 by 4. This is amount of each installment. Enter here and in Column B, lines 1 through 4 of Record of Estimated Tax Payments Schedule below	13		

WORKSHEET FOR LOW INCOME CREDIT

a. Enter the amount from line 5, but not less than zero	
b. Enter the spouse's estimated adjusted gross income if not included in line a, but not less than zero	
c. Add lines a and b. If over \$25,000, you do not qualify for this credit. Do not complete the worksheet; enter zero on line 10	
d. Subtract line 9 from line 8 and enter here	
e. Enter decimal amount from table that applies to adjusted gross income on line c	X
f. Multiply amount on line d by decimal amount on line e. Enter result on line 10. This is your estimated Low Income Credit	

If the amount on line c is:		Enter decimal amount on line e
over	but not over	
---	\$ 5,000	1.00 (100%)
\$ 5,000	\$10,000	.50 (50%)
\$10,000	\$15,000	.25 (25%)
\$15,000	\$20,000	.15 (15%)
\$20,000	\$25,000	.05 (5%)

The two schedules below are for your records only and are **not** to be mailed to the Revenue Cabinet

AMENDED COMPUTATION SCHEDULE	
<i>Use if your estimated tax substantially changes after you make your first payment.</i>	
1. Enter amended estimated tax	
2. Less:	
(a) Amount of 2000 overpayment credited to 2001 estimated tax	
(b) Payments made on 2001 estimated tax to date	
(c) Total of lines 2(a) and 2(b)	
3. Unpaid balance (line 1 less line 2(c))	
4. Amount to be paid (line 3 divided by number of remaining installments less any unused 2000 overpayment credit). Enter here and in block on voucher	

RECORD OF ESTIMATED TAX PAYMENTS SCHEDULE				
	Col. A	Col. B	Col. C	Col. D
Voucher Number	Date	Amount from line 13 above.	2000 overpayment credit applied to installment. Subtract C from B.	Amount to be paid with voucher. Enter here and on Vouchers 1-4.*
1				
2				
3				
4				
Total				

*If zero or less, do not file a voucher. If amount credited exceeds amount of installment enter excess in Column C of the next line.